

JPRS-WER-86-099

7 OCTOBER 1986

# West Europe Report

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7 OCTOBER 1986

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POLITICAL

GREECE

DEPUTY FOREIGN MINISTER ON U.S. RELATIONS, BASES

Athens TAKHYDROMOS in Greek 21 Aug 86 pp 12-14

[Interview with Deputy Foreign Minister Giannis Kapsis, by chief editor Bambis Liapis]

[Excerpts] [Question] An opposition newspaper has written that today there is a web of agreements in Greek-American relations, including the following: a) A new agreement on the bases, which will be signed in May 1987 and which provides for a solution, a "consensus," on the 1983 agreement, b) abolition of the Ellinikon base, c) a consolidation of the bases at Nea Makri and Kato Souli and a strengthening of the operational capabilities of the bases on Crete, d) bringing the radar and nuclear weapons installations under the jurisdiction of NATO. At the same time, the Americans are beginning to construct three new storage depots for nuclear weapons.

[Answer] What are you saying to me? Are so many things happening around me that I have not heard about? But it seems to me that a certain confusion has arisen. Let us clear up these things. There is a 1983 agreement on the bases and nothing more. No discussion, no reconsideration, nothing more than the well-known statements of the premier. But I want to call to mind something here: When the agreement on the bases was signed, everybody was saying that it did not have a fixed term. Today everybody, Greeks and Americans, acknowledge that the agreement terminates on 30 December 1988. It is an interesting admission after the fact, and the only new element in the entire matter.

But let us continue: How is it possible for an agreement on consolidating the bases of Nea Makri and Kato Souli to be anticipated, when what we have here is the same facility and not two different bases. At Kato Souli--that is, at a distance of 2 to 3 kilometers from Nea Makri--there are two or three antennas and nothing else. You spoke about strengthening the operational capabilities of the bases on Crete. But none of the American bases in Greece has operational capabilities--that is, war-operation capabilities. Here the mistake is excusable, because in English the word "operation" denotes every kind of functioning or activity, including even surgical operations. Clearly, this is where the mistake lies, and it could even be worse. That is, if it were to be written that at the Crete bases the Americans will now have the right to do tonsillectomies or open-heart



operations. And finally, how can we speak about nuclear weapons when about a year ago the Americans withdrew a large number of nuclear weapons from northern Greece, while just recently the government announced that it has refused to permit the upgrading of three new storage depots for nuclear weapons.

[Question] So, the Americans are pulling them out?

[Answer] No. The decision on their removal was made by Andreas Papandreou. It was he who refused to permit the modernization, he who stated that the nuclear weapons will be removed. And on the basis of the position of the Greek premier, NATO and the Americans have been removing them. In any case, even the few nuclear weapons still here are nonfunctional, since no American combat aircraft that could use them in any possible case is stationed on Greek soil. In reality, they are waiting to be removed, since they are already obsolete and essentially useless.

[Question] The U.S. assistant to the secretary of state, Mr Ridgeway, stressed that "there are no particular obstacles to concluding a defense and economic cooperation agreement with Greece." The government spokesman responded that Mr Ridgeway evidently means that "the various possibilities and areas of agreement are still being studied." Could you perhaps be more specific?

[Answer] You put me in a difficult position. Because I am obliged to point out the blunder of a newspaper that has depicted the statements of Ridgeway as a commencement of talks on the renewal of the agreement on the bases!!! The agreement on industrial cooperation is a consequence of the agreement on the bases, and the relevant paragraph was inserted upon our own insistence. And it aims at balancing the flow of foreign exchange--that is, the foreign exchange that we give in order to purchase defense equipment from the United States is to be balanced by the inflow of foreign exchange that we will obtain from our own exporting of goods or services. This agreement is very near completion. And it is clearly to our benefit.

[Question] Perhaps from an economic viewpoint, in your opinion. But does not this sort of thing strengthen the ties of dependence on the United States?

[Answer] An answer to your question could be found in the present circumstances of Greek-American relations, which have been put on a basis of genuine equality, and the negotiations that are being conducted aim at nothing else than the placing of all our various relations on this basis. However, I will not be unfair to you for the question. When Premier Andreas Papandreou set this goal, many regarded it as utopian. And when the agreement on the bases was being discussed in the Chamber of Deputies, the premier had stated that "with this agreement, the foundations are laid for a relationship of equality between the United States and Greece." He was absolutely in the right. I should add also something more: Our age is very far removed from the age of gunboat diplomacy--that is, the age when the great powers imposed their occupation of a country by way of the force of arms. In fact, if one studies international relations more carefully he

will find that nowadays, because of the correlation of forces and the balances that the great powers themselves have formed, they have less maneuverability than the smaller countries. And not only do they exert pressures, but they experience pressures as well. Thus, an equality is being created on a new level.

[Question] But do you truly believe that there can be relations of equality between a small country and a superpower such as America? Let us take a specific issue: This year, American tourists have not come to Greece and to most of the European countries, owing to the travel directives and the more general psychotic campaign over terrorism. On such a specific issue, what opportunities are there for a counterbalancing pressure by the small countries of Europe, including Greece?

[Answer] I do not know about the other European countries. As to this psychosis more generally, it should be emphasized that it has been skillfully fomented in such a way as to turn the stream of American tourists towards the western states of America and towards the American tourist centers in general. That is, it has served domestic economic interests of the United States. But more specifically concerning the travel directives, do you think that these have come from good and sincere intentions, or were they perhaps also a part of the ceaseless game of balances? I leave this to your own judgment.

12114

CSO: 3521/246



POLITICAL

GREECE

IMPROVED RELATIONS WITH U.S. SEEN CONSEQUENTIAL FOR COUNTRY

Athens I KATHIMERINI in Greek 7-8 Sep 86 pp 1, 3

[Article by Nikos Simos: "The U.S. Role Now Considered as Primary in the Country's Development"]

[Text] The erstwhile "metropolis of capitalism"--according to PASOK--is today for the government not only the "lifesaver" of the present but also the "vehicle" for development in the future. To such an extent, moreover, that, at this moment, the government considers the role of the U.S. as more important than the one EEC--of which Greece is a member--can play for the solution of our problems.

These assessments by reliable sources are based on a number of facts which justify the above observation regardless of whether the government contributed to such fact or they are the remotest result of an unsuccessful policy as implemented in the past 5 years.

Indeed, it is difficult for one to overlook or to misinterpret the meaning of today's admirable cooperation--to the relief of all prudent Greeks--between Greece and the U.S. and the government's turn toward the U.S. either for solving the national problems or for obtaining American resources. Additional reports strengthened the above assessments. Thus:

--Today, any American substantive request--within the framework of the agreement for the bases--is being satisfied which deals with expanding the operational possibilities of American forces stationed in Greece. Already the Greek government, abandoning the cheap demagoguery it used in order to come to power, considers all modernization as serving NATO's objective (and not the U.S. imperialistic plans) and, therefore, the defensive ability of the country also.

One applauds the decision of Papandreou to keep the bases and exploit them economically in the framework of this new policy and in the approach to the U.S.

Thus, according to the same sources, when the relevant agreement terminates, new negotiations for revising the status of the bases will be initiated--as per the Turkish model--in exchange for payment by the U.S. of a considerable

amount in exchange, presumably in the form of rent. This economic compensation--very significant for our economy which is unable to shake off inflation--will be a strong argument by Papandreou in persuading the plethora of party cadres who, during PASOK's ascent to power, developed into political entities and continue to believe that deficits of ailing enterprises would be met when...the bases are removed from Greece and when Greece leaves NATO.

#### More Airplanes

In support of the above assessments is the recent report that the government decided to buy 20 more F-16s and thus complete "the purchase of the century" with 100 aircraft. The final confirmation of this report will mean that defensive cooperation between the two countries is inevitably becoming closer.

In this framework we should also place the recent American decision to have our country continue the exclusive repair and servicing of the F-4 engines. It is a gesture which expresses Washington's wish to tighten its defensive cooperation with Greece since, a) the exclusiveness was not granted for the first time as the Greek government tried to have it appear. Such repairs were also done when ND was in power; and b) the American side faced a problem because of the high cost the Greek aircraft industry showed compared to other competitive industries. Finally, however, it decided to continue cooperating.

#### Relations with Albania

According to other reports which support the expansion of Athens-Washington cooperation, one of the reasons the government is restoring relations with Albania with an aim at ultimately lifting the existing war status between the two countries, is to gradually attract Albania to the West. Such a thing which, it is said, constitutes an American recommendation to the Greek government, can be achieved with Albania's cooperation with Western countries so that abandonment of its isolation will not take place with a simultaneous expansion of its cooperation [sic] with countries of the Eastern Bloc. Presently Greece is the only country friendlier to Albania than anyone else.

Another element which confirms that the new era in Greek-American relations also dictates a change in Greek foreign policy is the progress achieved in Greek-Israeli relations...to a point, moreover, that it is expected that the Greek side will extend a de jure recognition of Israel in the near future.

This turn toward Israel also proves that Papandreou has become aware, albeit at the last moment, of the importance lobbyists have in the whole mechanism of the American political system. In this sense one should also evaluate the visit of [John] Spanos [California businessman] to Greece, although the government diminished its importance by the manner in which it handled it. Regardless of the doubtful results for investments for which the government gave Spanos lavish care, the fact remains that PASOK is trying to win over American Greeks whose role in the American system it took care to humiliate and downgrade in the past 5 years.

7520

CSO: 3521/250

POLITICAL

GREECE

#### CONFLICTING REPORTS ON RELATIONS WITH EEC

Athens I KATHIMERINI in Greek 11 Sep 86 p 1

[Article by Rikhardos Someritis: "A Crisis of Trust in Relations Between Athens and EEC"]

[Text] At a moment when "the battle of Turkey" is taking place in Brussels, Greek-EEC relations are in danger of being led to a new and probably detrimental "crisis of trust" if new positive handlings do not forestall such a development.

This assessment is made by a reliable European source and is based on disturbing concerns in many European capitals provoked by recent statements and revelations by PASOK cadres who are directly connected with Papandreou and who let it be understood that they always aim at a disengagement of Greece from the EEC--albeit in the distant future.

#### Strategic Target

The most characteristic, disturbing and negative opinion about relations with EEC is attributed to Georgios Papandreou, who is not only the premier's son but also a PASOK cadre and government member. According to what is attributed to him, G. Papandreou said that the exit by Greece from EEC remains a "strategic target" of the Movement.

It is claimed that similar views were expressed recently by other PASOK cadres. Of course, it has been pointed out that at about the same time National Economy Minister Simitis said on the occasion of signing the impressive Mediterranean Comprehensive Program for Crete, that development of the Greek economy is now connected with EEC.

However, this statement does not seem to have convinced all EEC members who, relying on "the lessons from PASOK's past," are suspicious about true Greek intentions.

#### Terrorism - Economy

Only a few months ago (last May) when [President of the Republic] Sartzetakis visited Paris, Greek government officials were able to find out how negative,

even then, was the opinion not only of economic circles but the French leadership as well, about Greece's behavior in EEC and the total "non-communal" policy of the PASOK government. This does not only concern politics--starting with close European cooperation for coping with terrorism--but with economics as well.

Greece has gained the reputation of a bad partner not because it supports its interests (everyone does so) but because it does not observe its obligations and "marks the cards."

Renewal of the impression that PASOK squints on Europe since it always looks at a future outside EEC, does not, of course, correct matters, nor does it strengthen Greek positions even as concerns the Community's relations with Turkey, a problem which is not terminated with the present discussions in Brussels but on the contrary, is brought to the fore.

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CSO: 3521/250

POLITICAL

TURKEY

# FREE DEMOCRATIC PARTY ORGANIZES IN KAYSERI

Istanbul TERCUMAN in Turkish 7 Jul 86 p 8

[Report by Mehmet Kiracioglu]

[Text] Kayseri--The Free Democratic Party's Kayseri Provincial Organization and Kayseri Central County Organization have been established.

A press statement prepared by the party's Kayseri organization begins with the slogan "National development, new horizons in social prosperity" and says:

"We have embarked on this course with the belief that Turkish nationalism, which is inspired by Ataturk's principles and which embraces our great nation--which has been an honored member of the human community with which it has shared a common fate for centuries with a love for God, country and humanity within the bounds of National Pact [of 1920]--and the pledge to defend the Turkish republic which is based on nationalism, democracy and human rights within the framework of the principles of national unity, the country's integrity and indivisibility and the democratic and parliamentary regime it is built on are inseparable parts of our democratic regime."

The assignments to various offices are as follows: Provincial leader, Ziya Silahtaroglu (industrialist, merchant); deputy provincial leader, Adem Yölgatligil (lawyer); secretary, Mustafa Serpil (contractor); treasurer, Ahmet Sert (accountant); members, Cemal Aslandag (merchant), Hakki Ulusoy (retired teacher), Mustafa Zirhli (senior architect and engineer), Hayrullah Gozubuyuk (physician), Mustafa Kucuk (labor unionist), Erol Uncuoglu (architect), Vahdi Icellioglu (miner), Ali Patpat (senior agricultural engineer), Mithat Sagar (retired teacher), Nahit Esen (physician) and Mustafa Akkas (senior geological engineer).

The FDP Kayseri Central County Organization is set up as follows: leader, Fikret Buyukkurkcu (industrialist, merchant); deputy leader, Mehmet Ilik (lawyer); secretary, Mehmet Samli (merchant); treasurer, Ali Riza Incetan (economist, merchant); members, Ismail Feciroglu (retired teacher), Izzet Ozgermirli (physician), Erol Eralemdar (merchant), Mehmet Timucin (civil engineer) and Memici Kizilkaya (industrialist).



POLITICAL

TURKEY

## MUNICIPALITIES ACCUSED OF CORRUPTION

### Uskudar Mayor Replies to Accusations

Istanbul MILLIYET in Turkish 14 Jul 86 p 12

[Text] Uskudar is a historic county whose problems have been ignored and have remained unresolved for years. According to SDPP [Social Democratic Populist Party] members of the Uskudar Municipal Council, many problems that awaited attention when Mayor Necmettin Ozturk took office are "still unresolved."

According to Ozturk, work "is rapidly progressing" in Uskudar, which has "serious infrastructure problems" such as a shortage of roads and sewage systems. According to SDPP members of the Municipal Council and the people of Uskudar, "progress is out of the question." Ozturk says: "Between last May and today we have poured an average of 600 to 700 metric tons of asphalt. This means around 40 truckfuls of asphalt a day and the paving of 6 to 7 kilometers of roads a day." On this issue, the biggest criticism comes from the taxi drivers: "Where are these paved roads?"

Ozturk told our correspondent who investigated the accuracy of SDPP council members' complaints: "None of the reports that have reached you deserve any attention." He added: "We do not pay any attention to such remarks."

In response to a question about the stage reached in the resolution of the infrastructure problems of the county, Ozturk said that 80 percent of the roads that needed to be built have been completed and that his municipality is conducting more canal work than ISKI [Istanbul Water and Canal Works Administration]. Giving an example on this issue, Ozturk said that 86 of the 98 streets in the Mustafa Kemal subdistrict have been completed. SDPP council members who charged that Ozturk is lying on this issue said: "In the said subdistrict there are only 48 streets, not 98. We are prepared to prove how many streets there are. That fact alone proves that the mayor is lying."

Hearing about the accusations of the SDPP council members, Ozturk pointed to his chair and said: "Even as mayor, I am working from a worn chair. We do not waste a single penny. In any event, the financial condition of our county does not permit that." Ozturk added that a survey conducted by Istanbul Metropolitan Area Mayor Bedrettin Dalan showed him to be the second hardest working and most liked mayor after Beykoz Mayor Ali Zengin.

The charge Mayor Ozturk resents most is that of "irregularities in contract biddings, payments and fee collections." Stating that he has no links with any irregularities, that he does not take any bribes and that his constitution does not permit that, Ozturk said: "If you find someone in Uskudar who will say that I accept bribes, then I will accept anything you say."

What Does the Mayor Say?

--It is true that my brother has some land, but permission to build on the land was obtained in the 1970's. No action was taken with regard to that issue during my tenure. I cannot do anything but laugh at this extremely naive concoction.

--I do not recall anything like that. No one would dare to falsify an official document as you say.

--There are no public works projects under way in the Elmali Bendi water collection region. Moreover, the situation of those who are forming cooperatives and who are selling those lands does not interest our municipality. The building of structures can be permitted only after a local public works plan is drawn up.

--It was previously rejected because our studies showed that it is an area that is vulnerable to winds. In any case, that was on the Kucuk Camlica side. This one is in Buyuk Camlica. Moreover, the issue is on the agenda of the Metropolitan Municipal Council. Besides, I favor the construction of a good and large touristic hotel in Uskudar irrespective of who builds it or where it is built.

--When stores were built on the edge of the Dudullu Cemetery, that area was a village. The municipality had no jurisdiction there. After that area came under our jurisdiction, we asked for maps from the Cemeteries Directorate General and built a wall in accordance with the boundaries shown on the map. We could not move back the old wall, because there was no old wall.

--As far as I know, there is no such factory in Kartal. Moreover, the tile makers in Uskudar can make those tiles. Our municipality wanted the small businesses to do this job; otherwise we have not collected any money.

--The mayor never interferes in elections for village or subdistrict headmen. The problem of services not being performed in that area is as follows: When they were digging for the canal they struck rocks. When we could not remove the rocks using dynamite, we began operating an air compressor. You can appreciate that working with bare muscles would take a lot of time.

#### Ozal Dismisses Corruption Charges

Istanbul TERCUMAN in Turkish 13 Jul 86 p 7

[Report by Sadettin Erkisi]

[Text] Stating that charges about corruption in the municipalities have increased in recent days and that most of these charges are untrue, Prime

Minister Turgut Ozal said: "I believe that some of these charges are leveled in order to make us back down from the metropolitan system. No matter who says what on this issue, what we are doing is right. We gave our municipalities both the authority and the means."

Yesterday, the Prime Minister laid the cornerstone of the Kadikoy town hall to be built in Sogutlucemesi. In a speech at the cornerstone-laying ceremony for the building—which will be a 5-story structure on an area of 17,000 square meters and will be ready for use at the end of 1987—Ozal said:

"We attach great importance to our cities. We gave our municipalities both the authority and the necessary means. Naturally, in places where such extensive means are provided and where people are not accustomed to dreaming about such large projects, some problems and some of our traditional diseases may crop up. Cliches like 'there is corruption' or 'the authority given is being abused' may be uttered. I am never against that. Reports and petitions based on serious investigations may be submitted, and we will do what is necessary. In fact, such petitions have been filed. Our Ministry of Interior is studying these petitions. The necessary investigations have been made. But let me state that most of the charges contained in these petitions have proven to be baseless."

Ozal continued:

"We are here to serve the people. The principles we have established are sound. In other words, service to the people is best provided locally. The people cannot be served by orders from someone sitting in Ankara. For that reason, no matter who says what, the system is correct. The people will benefit from this. Otherwise, we will return to the old days. All our mayors are working very well in Istanbul. I thank all of them, particularly Bedrettin Dalan. Soon you will be able to swim on the beaches of Bakirkoy and Kadikoy. I will throw Dalan into the sea first as soon as the Golden Horn is cleaned."

Minister of Public Works and Housing Safa Giray, Istanbul Mayor Bedrettin Dalan and Kadikoy Mayor Osman Hizlan also spoke at the ceremony. Later, Ozal and his entourage toured the yacht marina that is being built in Fenerbahce and were briefed on the project.

9588

CSO: 3554/156

POLITICAL

TURKEY

# ARTICLE GIVES PERSONAL GLIMPSE OF OPPOSITION LEADER INONU

Istanbul CUMHURIYET in Turkish 26 Jun 86 p 8

[Text] Social Democratic Populist Party [SDPP] leader Erdal Inonu occasionally surprises those around him with his actions and sudden decisions. Such actions by Inonu do not cause any resentment, but they are strange for a conventional politician in Turkey and particularly for the main opposition leader. The first ones to be surprised by Inonu's actions were the chauffeur and security guards assigned to the main opposition leader. The security guards who went to the Pink Mansion to pick Inonu up were panicked when they were told that Inonu had left much earlier and had gone to the general headquarters on foot. The security guards eventually learned that this is Inonu's "natural" style; when they began going to the Pink Mansion earlier than scheduled to pick Inonu up, occasionally they had to watch him get out of the car and walk.

Inonu, who walks alone on the street to the SDPP headquarters like an ordinary citizen, needed some medicine recently. When he realized that he was running out of medicine just before the party's Chairmanship Council meeting, he declined his secretary Hadiye Nugay's offer of having he medicine bought, and in his usual manner he began walking to the pharmacy. Inonu then turned to the security guard running after him and asked him to walk by his side and returned to the general headquarters after buying his medicine.

Another action by Inonu which surprised his colleagues at the party general headquarters was his decision to join Prime Minister Ozal's tour of the Southeast Anatolia Project [SAP]. That day, Inonu was on his way to the airport to fly to Istanbul; suddenly he decided to return to the headquarters and told his surprised colleagues at the headquarters: "I am going to Malatya to join the SAP tour." Rejecting advice that he not join Ozal's tour, Inonu joined the tour--for which he was later criticized for "sitting behind the Prime Minister"--and returned from Malatya fairly pleased.

When Inonu remained too far behind during the opening ceremonies of a railway bridge in Malatya, he went directly to section reserved for ministers and with his usual relaxed manner he asked the minister sitting next to the Prime Minister to move somewhere else, saying: "I think I am supposed to sit here as the main opposition leader." The minister was forced to vacate the seat in the face of Inonu's justified request. Reporting his impressions of the

Malatya tour to the SDPP's Central Decision and Administrative Council, he noted that some SDPP members did not come to the ceremonies in order not to have a large crowd at a ceremony attended by the Prime Minister. He said: "In fact that was not a problem. We did not have any instruments to measure it, but I received a bigger applause than the Prime Minister. If we wanted we could have received a bigger applause. However, our goal is not to win applause but to show that we stand behind these installations built with government money."

Inonu, who surprises those around him with his sudden decisions and actions, now is trying to put Ozal off guard in order to have the by-elections held as soon as possible. In response to criticism that his party is not waging effective opposition, Inonu said half-jokingly: "We will not be able to force by-elections any other way. Maybe Ozal will think that we are not working and he will decide on by-elections. Our strength will be seen when the elections are held."

We will all see if the new SDPP leader, who has often surprised those around him and those who see him walking in the street with his ordinary citizen style, will be able to surprise Ozal and his supporters in the coming days.

9588

CS0: 3554/151



POLITICAL

TURKEY

PEN NAME FOR CUMHURİYET COLUMNIST REVEALED

Istanbul CUMHURİYET in Turkish 13 Jul 86 p 2

["Yes/No" column by Oktay Akbal: "Afternoon Chat at the Office"]

[Text] We are sitting and talking. It is very, very hot. Tomorrow, [Ali] Sirmen is leaving for Bodrum; İlhan [Selçuk] is going even further away: He is going to places he has missed since 1966. This does not happen very often. We never manage to get together. People think that İlhan, Ali and I frequently get together to discuss events and to talk about our problems. For one thing, there is no time. For another, we do not get the chance: As soon as we get a conversation going, the telephone rings, or someone comes to visit—a friend, an acquaintance or a reader. At best, we can get together with close friends somewhere outside the office, on a table and with a few drinks.

I take a magazine in my hand and use it as a fan. Right at that time, İlhan says: "Oktay will probably describe these moments in one of his articles. It will probably begin as follows: The weather was hot. We were looking for a cool place. İlhan was speaking. The rest will follow." We laughed. I thought to myself: Why not? It is a nice moment. It is a moment of friendship. All three of us are healthy—at least at this moment and at this time. Although a short while earlier we had heard that a friend had been hospitalized and we were saddened. After the phone call, İlhan had said: "Not a day goes by without hearing about the hospitalization of a friend." We stopped talking for a moment. I thought about that friend. I cannot tolerate hospital rooms and wards. That is why I have a difficult time visiting patients in hospitals. İlhan is always concerned about the health of his friends. He is always by the side of whoever is in trouble. Perhaps my fear of hospitals comes from the time when as a young boy I left my father in a hospital room never to see him again.

Hasan Cemal has placed a table on the verandah and he is working in the shade. He too complains about the difficulty of writing in this heat. We all want to flee somewhere, a beach, a shady spot, somewhere cool. But work comes first. What is more, this summer will be very hot politically. By-elections will be held at the beginning of October. The excitement, the exuberance and the quarrels are already under way. It appears that Özal will do everything he can to win—or at least to appear to win. His first step was to take the television and the radio away from the opposition. He will speak as much as

he likes, but his opponents will remain silent; then, this will be called a fair election race, and Mr Ozal will not feel the slightest compunction about declaring himself the head wrestler.

Have you seen Ilhan Selcuk's latest book, "It Has Been Seen"? When I say, "the latest" this is the second printing of the book. Our Ilhan is a great writer. His books are loved by the readers and are reprinted several times. His "I Am Thinking; Hit Me" was printed 11 times. That is easier said than done. In the past, he used to say that it is unnecessary to collect articles that have appeared in papers in a book. I would ask him why. There are articles which may be put in the form of books--articles which can be read any time--and there are articles which are of a documentary nature. Why should these be left in newspaper collections? Now he too is collecting these articles in books. The interest he has generated is proof of how correct his decision was.

A reprint of Ali Sirmen's "Turkey from Twelve to Twelve" appeared recently. That was followed by "Writings in Handcuffs" which he wrote under the pen name Samim Lutfu while he was in prison. Samim Lutfu was so well-liked that he was about to surpass Ali Sirmen in popularity. When Ali was released from prison, some people told us, "Why do you not hire Mr Lutfu? We like him as much as Sirmen." Later, they realized that Ali and Samim are the same person.

"Who is this Samim Lutfu? I used to say he is one of us. Samim Lutfu was one of us. A person who thought, who wanted to write what he thought, who suffered and who longed for the good and the beautiful."

Many years have passed since then. More than a quarter of a century. Our friendship with Ilhan Selcuk endured through those years without the slightest problem. Have we grown older? Have we become the most senior columnists of Babiali? I have had 30 years of such writing. Ilhan has at least 25. "When you open the window in the cool morning and look outside, you see the arrival of the spring. The trees are blooming. You are surprised that you have stayed away from nature for so long. Then you recall that each tree is different. You think: What were their names? You are upset about your ignorance. You fall in love with their beauty without knowing any one of them. The mystery of the universe's diversity spreads in your person and creates reflections in your soul, and you mirror the trees around you in all their detail like a pond of still water." If Ilhan Selcuk is not a hidden "poet" then what is he?

It is late afternoon. We say: "Let us go to the seaside." A few friends. Mehmed Kemal always talks about "noon drinks" but I prefer evening drinks. His "Noon Drinks" begins: "Come let us drink a cup/Noon drinks are nice/They are unforgettable/Like talking about a woman/Bashful secret bans." But we will raise our evening cups to this heat, to this July and to the cunning of Mr Ozal. Yes, what Ilhan said came true. He had said: "Oktay will probably create an article out of this moment." I did not want to make my friend a liar.

SOCIAL

EUROPEAN AFFAIRS

## EUROPEANS CONCERNED OVER 'ECONOMIC REFUGEES' FROM TURKEY

Istanbul TERCUMAN in Turkish 7 Jul 86 p 4

[Report by Sitki Uluc]

[Text] Brussels--Following the recognition in recent months by all Western European countries--mainly Belgium, France, the Netherlands and the FRG--that the issue of "phony asylum seekers" is a common problem and their decision to take "urgent measures," the number of Turkish phony asylum seekers arrested, detained or expelled in Belgium and the FRG in particular has been increasing. It is also seen that smugglers who bring such people to Europe in return for money are also being watched closely and are being arrested. In Belgium, a Turkish travel agent--who is described as a "slave trader" and who smuggled phony refugees to all European countries through Belgium--was arrested. Meanwhile, it was learned that there are a large number of Turks in the Aix-la-Chapelle prison on the FRG border. As a result of steps taken against phony asylum seekers, refugees from certain Latin American and African countries who come to Europe to request asylum have also been put in a difficult situation and are being expelled.

### Assyrians

The number of Assyrians who were brought from Turkey to Europe through Belgium in 1985 and 1986 and who "requested asylum on the advice of slave traders" has surpassed 20,000. Most of these enter through the border as "refugee candidates" and vanish once they are in the country; they never get in touch with the UN High Commission for Refugees again. Most of the Assyrians, who describe themselves as "economic refugees," say that they were disappointed after arriving in Europe and that they became pawns at the hands of the slave traders. After a period of investigation, the Belgian public prosecutor's office began issuing arrest warrants last week. A travel agent, known as a slave trader, was detained in Brussels. The French, the Dutch and the Germans have imposed special controls at their borders and are arresting Assyrians who are captured in groups.

### Armenians

When the number of phony asylum seekers from Turkey increased at the end of last year, some Armenian organizations in Belgium intervened in the issue and used the rise in the number of requests for asylum against Turkey. These

Armenian groups began sponsoring the "economic refugees" wishing to immigrate from Turkey to Europe, helping them in return for money and waging a new propaganda campaign against Turkey. While a sharp rise has been observed in the number of Armenian asylum seekers from Turkey in the last year, Belgian security officials expressed their helplessness by saying: "Those who say they are Armenian, Assyrian or Christian are allowed to stay. The only ones winning are the slave traders."

#### Measures

The French and German governments have initiated work to enact a new "refugee law." Meanwhile, the Belgian government is taking its anger for phony refugees out of genuine asylum seekers, and individuals fleeing from certain Latin American and African countries are being expelled out of the country. Officials from the Belgian public prosecutor's office suggested as a solution to the refugee problem, which has given rise to major debates in the country in recent days: "The time has come to stop the phony asylum seekers and the slave traders who smuggle them. Otherwise, it is impossible to tell who is a genuine asylum seeker and who is not. The good are burning with the bad." Reliable sources reported that Belgium, Holland, the FRG and France will undertake a joint "cleanup operation" in the coming weeks and that the operation will be targeted primarily against those who come to Europe from Turkey for economic reasons and enter the European countries posing as asylum seekers as well as those who help such individuals in return for money. Meanwhile, Belgian Minister of Justice Jean Gol said that he will try to resolve the issue with a new law.

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SOCIAL

TURKEY

## REVISION OF PENAL CODE STIRS DEBATE

Mumcu on Proposed Changes

Istanbul CUMHURIYET in Turkish 26 Jun 86 pp 1,8

["Observation" column by Ugur Mumcu: "The Penal Code"]

[Text] Our Penal Code of 1926 is based on the former Italian Penal Code of 1889. Since then the penal code has been changed 37 times. Now, work is under way to change the entire law.

Through changes introduced into the penal code in 1930, that era's Italian penal code section about "crimes against the character of the state" was identically incorporated in the Turkish penal code. Since then aggravating circumstances have been added to these clauses in the text of the code and penalties have been made more severe.

After fascism collapsed in Italy, a commission was established to purge the law of any antidemocratic clauses. Meanwhile, in our country the clauses copied from the fascist Italian penal code were made even more severe and implemented in the years of transition into the multiparty system.

Today, the new penal code law that is being drafted by a commission formed by the Ministry of Justice is once again raising the penalties for political offenses.

The principle of "there can be no crime or penalty without law" stipulates that offenses be explicitly defined. If we compare this principle with, for example, the new arrangement with regard to the "crime of violating the Constitution," we are confronted with surprising results. In the new draft that is being prepared, the clause about the "violation of the Constitution" reads as follows:

"Those who attempt to change part or all of the Constitution using methods which contravene the provisions of the Constitution or which are not permitted by the Constitution; to abolish the Constitution entirely; to prevent its implementation; or to abolish the Turkish Grand National Assembly [TGNA] shall receive the death sentence."



The rationale for the clause says:

"The said paragraphs apply not only to the attempted abolition of the TGNA but also the use of all unconstitutional and constitutionally-banned means which obstruct the TGNA from performing its functions."

With a clause like this, the government and the opposition would be able to charge each other with "violating the Constitution." None of the methods used in the often stormy government-opposition relations could be excluded from the scope of the envisaged clause.

It is ironic that the new clause prepared by the "Donmezer Commission" is virtually identical with the reasoning used by the Yassiada Supreme Tribunal in convicting the Democratic Party government and its ministers, at a time when certain circles are working to invalidate that reasoning. Let us read:

"For the purposes of our case, the alteration, replacement or abolition of the Constitution really means the rendering of the existing Constitution unworkable for practical purposes, the effective abolition—partially or fully—of its basic principles through certain actions and instructions from above or below and, in sum, the effective creation of a parallel regime which is the diametric opposite of the regime of law in its basic lines and character. This means that if the effective abolition of constitutional principles in a systematic and deliberate manner—that is the effective creation of an illegal regime—is at issue, then an offense has been committed under Article 146. (Supreme Judicial Tribunal decisions, Yassiada, 1960-1961, pp. 19-24)

The similarity between this reasoning and the Donmezer Commission's basis for "violation of the Constitution" is distinctly evident.

In introducing an offense termed as "the effective prevention of the implementation of the Constitution," the Donmezer Commission is probably inspired by the Yassiada decisions which are criticized and which are subject to slanders today.

Such a clause would lead both the government and the opposition to charge each other with "violating the Constitution", but more importantly it would provide "ready pretexts" for circles who might wish to "dissolve" the TGNA.

The inclusion of the "element of violence" in such clauses is essential. Otherwise, every act which might seem unconstitutional could be described as "an offense of violating the Constitution."

With such a clause, the Donmezer Commission is opening the way to such developments.

The same "element of violence" must also be included within the scope of "crimes of articles 141 and 142" which are defined as "destructive associations" and "destructive propaganda."

Providing means for the punishment of socialist parties which have endorsed democracy using "comparisons" and "assumptions" such as "you are Marxist-Leninists, therefore you endorse violence" would also violate the principle of "there can be no crime or penalty without law."

Even in the United States, the homeland of capitalism, the condition of "clear and present threat" is sought in seeking penalties for such crimes.

The draft law that is being prepared also includes other issues of debate.

The draft law must be opened to public debate, mainly in the universities and bar associations. We are afraid that if this law is drafted with haste it will create a myriad of unsolvable problems.

#### Judge Argues for Fairness

Istanbul CUMHURIYET in Turkish 7 Jul 86 p 2

[Article by Justice M. Naci Unver, member of the 8th Department of the Supreme Court of Appeals: "Penal Justice in Our Age"]

[Text] Our world is experiencing a period of rapidly advancing technology. As a result of this progress, international communications and data exchange systems have also made major strides.

All these have brought about the phenomenon of rapid social change. We now have a more fluid society which is continually seeking the new and the modern.

It is evident that such rapid change results in the accelerated erosion of many social rules.

It is not unlikely that a rule that is considered modern today will be stamped as outmoded in the near future. In general, the rules and the sanctions that have been imposed to insure public order are inevitably lagging behind a constantly changing society.

Given this situation it is natural to replace rules and sanctions that are growing old with new ones.

Because the introduction of the new and the modern is to a certain extent essential for the effectiveness and respectability of the government.

The individual is obliged to respect the legal rules imposed for the purpose of insuring public order.

Moreover, to avoid being subject to sanctions the individual is forced to behave this way. While an individual who does not obey a private rule is penalized with a sanction that is measured in money, an individual who disobeys a rule in the domain of public law is penalized by a punitive sanction.

Penal justice is the system that makes punitive sanctions functional.

#### Importance of Penal Justice

It is a well-known fact that penal justice has an important place in the general concept of justice. Some of the factors that make this branch of justice important are its purpose of insuring public order and the fact that its domain of application are humans. The system embodies phases such as a preliminary investigation following the perpetration of a crime, a trial following the filing of a lawsuit and the execution of a sentence after a final conviction verdict is handed down.

This situation mandates a highly sensitive approach to the system.

#### Conditions of Effectiveness

The effectiveness of penal justice depends on the fulfillment of certain basic conditions. The most important of these is the establishment of a good criminal and penal policy. The proper identification of goals through the establishment of a criminal policy (preventive penal justice) is a prerequisite for the effectiveness of penal policy.

One of the most important principles to adhere to in the formulation of a criminal policy is to take public opinion trends into account while defining crimes and their penalties.

The establishment of a framework of rules and behavior to be adhered to is also important for the effectiveness of penal policy.

It is evident that a contrary approach would lead to changing practices--in tone and form--depending on the time and the person and ultimately to the weakening of the important penal law principle of "there can be no crime or penalty without law." Such a situation would certainly produce a state of justice according to the times rather than justice according to the law.

For effective penal policy it is also essential to have a good balance between crimes and penalties.

It is obvious that punishment has two purposes: to rehabilitate the offender in the society and to deter crime.

It is necessary and sufficient to make the punishment for a crime so severe as to cause sufficient discomfort to the offender and to arouse the feeling of regret in him.

Such a punishment would not only mollify the repugnance felt by the society toward the crime and the offender, but it would also soothe the pain felt by the victim.

If the penalty envisaged for a crime is too severe compared to the offense, it will inevitably lead to certain undesirable results. The most important of these is the transformation of the initial feeling of repugnance toward the offender into a feeling of compassion over time.

Moreover, such a situation may render the rehabilitative function of penalties ineffective. A trial must inspire complete confidence in a defendant. At that stage the legal principle that a defendant "is innocent until proven guilty" must be fully operative. In addition, the trial phase must facilitate the easy exercise of the right of self-defense. Under such conditions, penal justice will become highly effective. This will also raise the society's confidence in and respect for justice.

One of the most important functions of modern penal justice is the rehabilitation of the individual whose guilt is proven in court. One of the requisites of the modern sentence execution system is that during the execution of the sentence the convict must be instilled with the sense that he has not been outcast from society and that, on the contrary, society is waiting for him.

One must not forget that this the only way to make the convicted individual understand the advantages of being a good citizen.

#### Conclusion

Having made these observations, to summarize we can say the following:

Modern penal justice must be a system which takes into account the inclinations and the values of the society. In addition, the functioning of the system must inspire confidence in the victim, the defendant and all individuals of the society. In other words, the support of the society on this issue must not be ignored.

It must never be forgotten such a situation can contribute substantially to the effectiveness of penal justice and the respectability of the state.

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CSO: 3554/155

SOCIAL

TURKEY

# IZMIR BAR ASSOCIATION CALLS FOR ABOLITION OF DEATH PENALTY

Istanbul CUMHURIYET in Turkish 22 Jul 86 p 11

[Text] Izmir--The Administrative Council of the Izmir Bar Association submitted to the Ministry of Justice its report with regard to the abolition of capital punishment and the amendment of certain penal laws.

The report demands that "the death penalty be removed from the penal code, that sentences which do not conform with human dignity not be handed down and that the term 'general security supervision' which is handed down together with the sentence be dropped for all classes of crime."

The report demands that punishments which restrict freedom be replaced by alternative penalties or measures and that, in compliance with the purpose of punitive sanctions, provisions be made to facilitate the selection of penalties in accordance with the nature of the crime and the character of the defendant. The report says: "In addition, the judge must follow up on the execution of the punishment he has prescribed, and he must be empowered to forgive the remaining portion of the sentence or to change a sentence which restricts freedom to a security measure if he finds any social benefit as a result of his investigations."

Stating that the issue of "extradition of suspects" must be organized in accordance with the provisions of the "European convention on the extradition of suspects," the report says: "Provisions barring the extradition of persons who have already served their sentences or who do not exist as a result of their sentences must be appended to current penal code provisions which bar the extradition of citizens and political offenders."

In the section about the state's right of self-defense and relations between the state and the individual and the state and the group, the report says that the drafting of a new penal code is an opportunity for our country to catch up with the times. The report says:

"Activities which involve propagandizing and organizing against the political system of the state--naturally resulting from the right of political criticism which is one of the fundamental elements of a democratic country--must be decriminalized, and the punishment of activities against the state must be made conditional on the element of 'use of force.' Consequently, articles



141, 142, 143, 151 and 163 of the current Penal Code must be completely abolished and articles 140, 144, 145, 146, 153, 154, 155 and 156 must be amended.

"In its new form, the state does not have political and administrative organs which have a heavy authoritarian emphasis and which require special protection. As a result, those who are in office on behalf of the state must only be functionally protected. In this connection, Article 158 which governs rules about insulting or swearing at the President must be abolished and such acts must be evaluated under Article 266. The concept of 'moral character' is a concept that does not exist in modern penal codes."

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SOCIAL

TURKEY

#### CHIEF JUSTICE CALLS FOR ESTABLISHMENT OF SUPERIOR COURTS

Istanbul CUMHURİYET in Turkish 7 Jul 86 p 11

[Text] Ankara--Chief Justice of the Supreme Court of Appeals Nihat Renda said that the court system has severe problems and that it is overburdened by a large case load.

On the eve of the judicial holiday period which begins on 20 July and ends on 8 September, Nihat Renda spoke about the problems of the judicial system to ANKA and responded to questions. Renda stated that as a result of the steadily increasing work load of the Supreme Court of Appeals there is an impending danger that the impression that "the cases are not being examined adequately" will spread among the public.

Noting that one of the basic rights of all men and women is to have an honest, impartial, effective, inexpensive and speedy trial which remains faithful to the standards of justice, which utilizes jurisprudence, which facilitates all means of self-defense and which adheres to the principles of equality, Renda briefly said the following about the current state of judicial services:

"Today, the judicial system has severe problems. The judicial system is being crushed under a case load it finds difficult to bear because of the inadequacy and complexity of the legislation currently in effect, dangerously high vacancy rates in the ranks of judges as well as a rising number of lawsuits because of unfavorable working conditions, rapid population growth, unplanned urbanization, technological developments and social needs. Consequently and unfortunately, the system is unable to work faster, trials take longer, extensions are given for long periods, and as a result both the judicial system and the society are in discomfort."

#### 3.5 Million Cases a Year

Stating that criminal courts processed 1,311,679 cases and civil courts processed 1,815,610 cases in 1985, Renda said that 1,323,105 of these cases were carried over to this year. Renda added that while the number of cases in a year has reached 3.5 million, vacancies for judges and public prosecutors cannot be filled. He said: "Our court system, which is forced to handle 3.5 million cases a year, has 4,278 judgeships of which 1,199 are vacant. We have

2,478 positions for prosecutors, but 712 of them are vacant. In other words, out of 6,756 positions, 1,911 are vacant. This means that one out of every three positions is vacant."

Stating that given these facts the state of the Supreme Court of Appeals is not very "inspiring" Renda said that the Supreme Court of Appeals, which had to examine 297,843 files last year, received around 350,000 files in the first half of this year. Renda added that files carried over from the previous year have steadily increased over the years.

#### Superior Courts Must Be Established

Noting that the primary function of the Supreme Court of Appeals is to apply laws fairly across the country and to generate jurisprudence with its rulings, Renda said that because of the absence of "superior courts" today the Supreme Court of Appeals is forced to perform their functions. Renda said: "The Supreme Court's work load is increasing every day because no superior courts have been established so far." Stating that the work of the Supreme Court of Appeals must be kept at a higher level to make the court's rulings satisfactory, Renda said in brief:

"Because of the large number of cases, the public may have the impression that the cases are not being examined adequately. The spread of such an impression is very dangerous. However, the Supreme Court of Appeals is working with great sacrifices today. In addition, the working conditions at the Supreme Court of Appeals must be raised to a confidence-inspiring level."

Explaining how working conditions at the Supreme Court of Appeals can be raised to a confidence-inspiring level, Renda said that the course pursued so far has been to increase the staff and that, however, it has been proven that that is not a solution.

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SOCIAL

TURKEY

# EDITORIAL WARNS AGAINST EROSION OF SECULAR FOUNDATION

Istanbul CUMHURIYET in Turkish 22 Jul 86 pp 1,8

[Editorial by Hasan Cemal: "Secularism"]

[Text] Last weekend I read Professor Macit Gokberk's study entitled "The Philosophy of Enlightenment; Reforms and Ataturk." (Footnote) ("Ataturk in the Light of Modern Thought, Dr Nejat F. Eczacibasi Foundation Publications, Research Series, Ayribasi, Istanbul, 1983) One section reads:

"Ataturk said:

"'Nations who try to live with medieval thoughts and superstitions disregarding the greatness and the power of civilization are condemned to die or to live in servitude and humiliation.'

"Among the principles of Ataturk's reforms, the one that has been most controversial is that of secularism. This must be considered natural. Religious dogmatism is the mainmast and essence of the medieval order Ataturk wanted to abolish. If the principle of separating religious affairs from temporal affairs is briefly described as secularism, it obviously does not mean a prohibition of religion.

"In Turkey's democratic experiment, secularism was the main target of the opponents of the reforms and those who wanted to corrupt the reforms. It also became a useful tool of exploitation at the hands of circles who wanted to win votes by perpetuating the slogan of 'we are losing our religion'—a slogan which was ever present during the Ottoman period. When one considers the current number of Islamic preacher schools—which were established as vocational schools to replace Islamic theological schools at the time Ataturk was alive—and their successors, one can say that these schools have gone far beyond the purpose of their establishment and that their goal is to become institutions for spreading the religious view of the world. This has impaired the principle of 'unified education,' one of Ataturk's major successes, and has opened the way to the training Turkish children in diametrically opposite directions and consequently to social schizophrenia. The existence of a large number of official and illegitimate Koranic study programs, which teach the Koran in the Arabic script and in Arabic and which remind one of the old Subyan Schools, is also very worrisome.

"Speaking to teachers at a gathering on the occasion of the Congress of the Teachers' Association in August 1924, Ataturk said:

"'You must never forget that the Republic wants from you young generations with free minds, free spirits and free knowledge.'

"This phrase, taken from the writings of Tevfik Fikret whom Ataturk liked very much, portrays the free man who has been liberated from medieval superstitions, who has been enlightened and who has regained his dignity from a standpoint of thinking, evaluating and knowing--the man whom Ataturk's reforms ultimately wanted to build."

It is hard not to agree with these views of Professor Gokberk's.

But if we examine the stage we have reached today for a moment, how well have we succeeded in creating the "free man who has been liberated from medieval superstitions and who has been enlightened"? Have we been able to create the free and democratic environment needed for the training of such contemporary brains in our educational and training institutions and in our country? Were we able to implement the principles and rules which would facilitate the training of generations who could question and debate everything rationally in our national education system?

The answers to all these questions are unfortunately in the negative.

The government's national education policy has been repeatedly compromised to appease those who are hooked to the "Middle Ages" and the "world of yesterday." In the name and on the pretext of "communal unity," religion has gained growing importance in state and government affairs--particularly in recent years. One of the most striking examples of this was the introduction of mandatory religion classes during the 12 September period.

In the last 8 years (1976 to 1984), 268 Islamic preacher schools have been opened compared to 263 high schools. The number of Islamic preacher schools rose from 73 in 1976 to 341 in 1984. According to the statistics annual of 1985, today there are 715 Islamic preacher schools with 220,991 students in our country.

In contrast, there are only 23 agricultural schools with 2,640 students in all of Turkey.

Do you not see something wrong with this situation?

What about occasional radio and television broadcasts expressing yearning for the Ottoman period and the "world of yesterday"?

What about the fact that Ottomanist cultural campaigns have progressed along the same path as the government's cultural policies?

And what about the fact that Mr Ozal, the Prime Minister of the Republic of Turkey, was able to lay the cornerstone of a mosque in Malatya?



In these days when anti-secularist and anti-modernist movements are surfacing, are being debated and are causing justified concerns among certain circles, certain points must be examined with emphasis.

First of all the following point must be underscored: Everyone must be free to believe in whatever he wishes; everyone must be able to worship in whatever manner he wishes; everyone must be able to dress in whatever style he wishes; and no one must be able to say anything about someone's hair or beard.

This is one aspect of the issue.

Rather than wasting time on appearances, we must think about the more serious aspects of the issue and we must go to the essence of the matter.

The principle of "unified education," whose purpose is to eliminate medieval thinking and the mentality of Islamic theological schools, must once again be made the central axis of national education policy. The state's educational policy must be set on a modern and scientific foundation. Educational and training institutions must be reorganized such that they will not arouse longing for pre-Republican values. One of the primary goals of these institutions must be to instill awareness of secularism in young generations in an environment of free thought. The principle of secularism must be adhered to scrupulously in state and government affairs.

Let us not forget the following: Political regimes have provided too much grist—through the hands of the state—for the mill of what is known as "reactionarism."

Moving away from democracy, subjecting free thought to the mangle of prohibitions, censoring creationism, a national education based on pure memorization, harmful councils, "a system of barracks" in institutions of higher learning, the Higher Education Council, burning books...

If these are not investments for "darkness" then what are they?

Those who are concerned about the weakening of the secularist foundations of the republican regime, must first of all assert their guardianship of democracy. Secularism, freedom of conscience and democracy go hand in hand; compromises made in any one of them impairs the others.

If these points are not taken into account in the fight against movements aimed at dismantling the secularist foundations of the republic, then nothing can be accomplished.

As painful as it may seem, from a standpoint of modernism, there is not much difference between the ideology that says "we are losing our secularism" simply on the basis of appearances and the ideology that says "we are losing our religion."

ECONOMIC

CYPRUS

# BUSINESSMEN OUTLINE PREREQUISITES FOR TRNC INVESTMENTS

Istanbul DUNYA in Turkish 7 Jul 86 pp 1,9

[Report by Ayfer Karatas]

[Text] Turkish businessmen who participated in Prime Minister Turgut Ozal's 3-day visit to TRNC [Turkish Republic of Northern Cyprus], want the liberalization of the Turkish Cypriot economy for investments in that country. TUSIAD [Turkish Industrialists' and Businessmen's Association] President Sakip Sabanci said that when he and his colleagues examined the issue as businessmen they determined that agriculture [in TRNC] does not promise a future because of a shortage of water and trade does not promise a future because of inadequate transportation facilities. He added: "However, there are plentiful resources and a promising future for tourism. What is needed is good management and promotion." Sabanci also said that it would be too optimistic to expect only Turkish entrepreneurs to go and perform Cyprus. Imtes Executive Council President Mehmet Harunoglu said that investments in Cyprus may be realized only through the preparation of a self-supporting infrastructure. He said: "The agreement between the governments will be disclosed in about a month. The scope of the investments will become evident only after the agreements are disclosed."

According to the agreement signed between the Turkish and TRNC governments, the corporations tax to be collected on profits from investments in Cyprus will be reduced to 10 percent and no income tax will be collected on such investments. In addition, quotas for TRNC exports to Turkey will be expanded. Conversely, TRNC will be able to import goods from Turkey without any import duties and use them in its industries.

Noting that government organizations and enterprises under the umbrella of industrial holding companies in TRNC must be liberalized to restore dynamism to the economy, TUSIAD President Sakip Sabanci told his impressions about his visit to Cyprus to DUNYA:

"Investments must primarily be made by local entrepreneurs both in tourism and industry. In addition to local entrepreneurs, Cypriots who have moved to Britain must also get more deeply involved. Only after that should the experience and organization of the Turkish entrepreneur be required. We would be overly optimistic if we said: 'Let the Turkish entrepreneur go to Cyprus and perform.' The Turkish entrepreneur has been awaited for the last 30 years in

provinces such as Erzurum, Artvin and Bitlis. Has the Turkish entrepreneur sufficiently contributed to the economies of these regions? No, he has not. On the contrary, those who have been trying to develop Diyarbakir, Trabzon and Erzurum have migrated to Istanbul. Meanwhile, in Cyprus, those who have achieved a certain level of performance have emigrated to London."

Stating that economic rules play a major role in industry, Sabanci said: "If we do not move to wherever we can manufacture high quality products at low cost we cannot compete with the rest of the world. If high money rates, world competition and economic rules are disregarded, the baby will be born impaired." Sabanci continued:

"Production should be wherever the economic environment is favorable. If you take the fruits somewhere else [incomplete sentence as published]. We had debates about 'who should produce' and 'where to produce' in Turkey as well. We built cement factories in locations where there was no raw material. After these experiences let us not make the same mistakes in Cyprus. Let us rationally take the experiences we had in Turkey to Cyprus. We had a coalition period in the Turkish economy and we saw that that does not suit our character. The bill for that was paid by 50 million people. Let us not permit such errors in Cyprus. The coalition between the private sector and the government must end in Cyprus, the course of liberal economies around the world must be noted, and an atmosphere must be created whereby a stable and strong government can come to office in the medium and long run."

Stating that incentives for investments were discussed at a briefing in Cyprus and that if Turkey invests in Cyprus foreigners will also invest, Sabanci said:

"We have Law No. 6224 on Foreign Capital. With this law, which is not at all bad, there was no foreign investment in Turkey for 20 years. Legislation and incentives are not enough for investments. What inspires confidence for foreign investment is primarily the stance of the government and the people. TRNC's current condition is similar to Turkey's pre-1980 state. Foreign traffic in Turkey has increased only recently.

"Meanwhile, there are proposals for investments in Cyprus in every domain. The truth is that there cannot be investment in every area. Countries specialize and produce in certain fields."

#### Hotels Must Be Built

Stating that hotels must be built and that the Panama system may be utilized in Cyprus, Sabanci said: "In Turkey, the mainmast is in a miserable condition; they cannot have inexpensive vacations. If travel from Turkey to Cyprus is encouraged, both sides would benefit."

#### Hotels in Cyprus

Stating that he is going to propose to the appropriate executive councils the establishment of a Sabanci Hilton in Cyprus, Sabanci said that incentives will not be sufficient on this issue and that such projects can be realized with stable governments.

Mehmet Harunoglu

Imtes Executive Council President Mehmet Harunoglu stated that Turkish businessmen are highly interested in tourism and that they have established contacts on this issue. Stating that the decline of the TRNC economy stems from its past and that, however, the Turkish Cypriot private sector is enthusiastic about the development of the economy, Harunoglu said:

"Cyprus needs major investments in many areas such as roads, ports and electrical power plants. Discussions in Cyprus centered upon the introduction of incentives appropriate to the character of the country for the development of tourism, the establishment of small industries and the building of a university and a hospital. However, the scope of investments in these areas will become evident only after the agreements between the governments are disclosed."

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CSO: 3554/153

ECONOMIC

GREECE

# STATISTICS SHOW BALANCE OF TRADE DEFICIT INCREASE

Athens I VRADYNI in Greek 21 Aug 86 p 15

[Text] Despite the devaluation of the drachma by almost 40 percent last year, the restrictive measures against imports, and the dramatic suppression of the purchasing power of Greeks, the government has failed to reduce imports.

In the first 6 months of this year, imports increased by a sum of almost \$500 million (10.1 percent) compared to the first 6 months of the previous year, coming to \$5.406 billion (compared to \$4.911 billion last year). At the same time, the benefit in dollars from exports was very limited. The increase in these amounted to only 11.8 percent, a percentage that the government itself has characterized as much lower than its original objectives. Thus, in the first 6 months of this year the deficit in the trade balance widened by \$231 million; this demonstrates the complete failure of the government's policy and confirms the supposition that if the great drop in the price of petroleum had not been going on, the deficit in the balance on current accounts would have gotten out of hand completely.

Of course, if it is considered that the fall in the value of the dollar happened meanwhile, the increase of 10.2 percent in imports on a dollar basis can be interpreted as a relative holding down of such imports, and the increase of 11.8 percent in exports can be seen as a complete standstill. Despite this, since the deficit in dollars is what is of interest to the economy, the increase of \$231 million more in the balance of trade deficit gives the measure of the "success" of PASOK's policy.

In more detail, from the data of the statistical service it emerges that in the first 6 months of 1986, compared to the corresponding period of time in 1985:

- Imports increased by 16.3 percent in drachmas (from 665.9135 to 774.4057 billion drachmas) and by 10.1 percent in dollars (from \$4.911 to \$5.406 billion).

- Exports increased by 18.1 percent in drachmas (from 301.1367 to 355.720 billion drachmas) and by 11.8 percent in dollars (from \$2.234 to \$2.498 billion).



- The deficit in the trade balance expanded by 53.9089 billion drachmas or \$231 million.

- The increase in the exports was due mainly to the much greater absorption of Greek products by EEC countries (from 161.0947 to 219.7621 billion drachmas), while on the other hand for Africa, East Europe, and the countries of the Middle East our exports remained flat or even declined in terms of drachmas (that is, in essence they are much lower).

Thus it turns out that the "multidimensional" export policy of PASOK has not produced any results, whereas the slackness of our exports to the United States can be seen as yet another failure on the part of the government.

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CSO: 3521/246

ECONOMIC

GREECE

BRIEFS

TOURIST EARNINGS UP--The Tourist Policy Council met yesterday at the National Economy Ministry. Minister Pan. Rouveliotis announced that during the discussion which followed it was ascertained that 1986 tourist foreign exchange developed satisfactorily. According to Bank of Greece data the tourist exchange increased by 23.4 percent during the first 7 months of 1986 compared to the corresponding 1985 period. More specifically, it had reached 729 million dollars compared to 672 million in the 7-month period in 1985. In July alone, the increase was over 32 percent (292 million dollars compared to 221 million in July 1985), while in August the tourist foreign exchange developed very satisfactorily. It is estimated that the 1986 increase in tourist exchange will fluctuate between 20 and 25 percent (over 1985) compared to original predictions of 15 percent. It should be noted that the total in 1985 was 1,428 million dollars. [Text] [Athens I KATHIMERINI in Greek 10 Sep 86 p 7] 7520

CSO: 3521/250

ECONOMIC

TURKEY

# OZAL'S OPTIONS IN LIGHT OF ELECTIONS, IMF 'WARNING' EXAMINED

Istanbul CUMHURIYET in Turkish 7 Jul 86 p 9

["Notes on the Economy" column by Osman Ulagay: "Ozal's Election Choice and IMF's Warning"]

[Text] Mr Ozal was elected to office in the autumn of 1983 on his promise that he would reduce inequity in income distribution and provide breathing room for a wide segment of the nation he defined as the "mainmast" by cutting the inflation rate rapidly. We wrote on several occasions in the past that Mr Ozal did not keep his promise after he took office and that combating inflation was given top priority in the economic policies he has pursued. In 1986, when election winds are once again blowing, Mr Ozal's change of preference is seen more distinctly; in a year when overseas conditions for combating inflation are highly favorable, the necessary importance and priority is not given to the inflation issue.

In our opinion, the basic reasoning behind the making this strategic choice was as follows: Mr Ozal was faced with a dilemma because the structure of the Turkish economy had not undergone a genuine transformation in the last 6 years--or, more correctly, the economy had not undergone a structural transformation which would facilitate rapid growth without inflation. Mr Ozal would either have to keep his election promise of 1983, wage a serious battle against inflation and accept slow growth and a moderate stagnation in the economy in the course of this battle; or he would have to put off the battle against inflation, emphasize rapid growth and a dynamic and "hot" economy and ignore continued high levels of inflation.

In making this strategic choice, the principal factor Ozal would think about would undoubtedly be how each of these options would affect the majority of the voters and how each of them would translate into votes. We believe that Mr Ozal made his choice some time ago and that he came to the conclusion that it would be more advantageous to have a dynamic economy in the short run, to open up new opportunities for social segments and individuals who prop up the Motherland Party [MP] organization and to appear as "the government which gets things done" than to be known as the "government which defeated inflation." Or perhaps, when Mr Ozal realized that he would not be able to score any short-term successes in combatting inflation, he decided: "I may be able to save my position by doing something on the investment and growth front."

This strategy rests on an assumption. In an environment where private investments have failed to attain desired levels, public investments have been stepped up in order to transform the tax revenues collected from the people under various names into investments, and municipalities have begun spending money almost wastefully. It is obvious that pro-MP contractors and entrepreneurs will primarily benefit from this economic vitality created largely by public funds and that these groups will consequently support their party more vigorously. In addition, the income and employment opportunities to be created by these expenditures will also have an impact on other social segments. Moreover, material will be created for propagandizing about making concrete efforts to develop the country. Mr Ozal's assumption is that these positive effects will outweigh the negative effects of continued high inflation and that an electorate which is in any case accustomed to inflation will not ask MP questions on this issue. Moreover, opportunities created by overseas conditions are for the moment preventing inflation from going out of control and are thus leaving Ozal some maneuvering room--at least in the short run.

The correctness of this assumption will be tested in the by-elections, and the outcome of these elections may have an impact on Ozal's strategic choice. However, as Mr Ozal knows very well, the economy has its own development pace, or "momentum," and it is not at all easy to change that. The "cooling" of an economy which is well on its way to "heating up" and a sudden reversal of inflationary pressures which have gained momentum in this process of heating up may necessitate new and unnecessary sacrifices.

According to a report by our reporter colleague Uluc Gurkan in yesterday's edition of SABAH, the IMF has begun to be concerned about this and has indicated that a continued high inflation rate may erode the positive developments observed in Turkey's economy. This is a friendly warning by the IMF which sees and wants to see Turkey as an exemplary country and a reminder to Ozal that he not wait too long to stop the "heating up" of the economy.

Our concern is that when Mr Ozal, who has so far given secondary importance to the battle against inflation, reinstates the inflation issue on his agenda as a result of the IMF's warning, he will try to wage this battle using methods which have proven to lead nowhere. If this course is chosen, sacrifices will once again be asked from the wrong social segments and the "mainmast" will continue to be crushed. In order to prevent Ozal from taking this very objectionable course once again, it would be beneficial if he learned a good lesson from the social segment he has defined as the "mainmast" at the upcoming by-elections.

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CSO: 3554/149

ECONOMIC

TURKEY

# EEC REPORTEDLY SETS CONDITIONS FOR TURKISH MEMBERSHIP

Istanbul MILLIYET in Turkish 7 Jul 86 pp 3,13

[Text] Brussels--While there are increasing rumors that Turkey is preparing to apply for full membership in the EEC at the Community's Membership Council meeting on 16 September, EEC sources in Brussels put forward three conditions for full Turkish membership.

These conditions can be summarized as: acceleration of measures with regard to the restoration of democracy, improvement of the economy to match the level of other EEC countries and avoidance of any haste for membership before 2000.

Insisting that an earlier date would not be realistic, officials in Brussels said: "The Community must first 'digest' the membership of two new Mediterranean countries which followed the accession of Greece. Accepting a new member--no matter who that may be--would be extremely objectionable before this is done."

Diplomatic sources in Brussels summarized their views on the issue of democracy as follows: "Turkey must first bring its political development to the same level as the political regimes of the Community members to the extent that that is possible. This is the least common denominator among the members of the Community. Spain, Portugal and Greece went through the same course and built their present democratic regimes. Turkey still has some distance to go on this issue."

Stating that Turkey must continue its economic development and that socioeconomically it should not be separated from the other EEC members by a "big gulf," the diplomatic sources said that although membership in the Community acts as a driving force for economic development, in some cases even long transition periods are not sufficient to raise the economy of the candidate country to the level of the other members.

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CSO: 3554/150



ECONOMIC

TURKEY

#### WISDOM OF PRIVATIZING SUMERBANK QUESTIONED

Istanbul DUNYA in Turkish 7 Jul 86 p 2

["Through the Events" column by Tefvik Gungor: "Sumerbank"]

[Text] Dr Erkan Tapan, who has served as Sumerbank's Director General since the beginning of 1985, is making serious efforts to exhibit and to promote the "giant organization" whose "essence, purpose and ways" have been forgotten and which has "curled up in its own corner."

Those who want to see and to learn the truth beyond oversimplified comments such as "look at the state of the Sumerbank stores and you can see how the government cannot do anything" and oversimplified suggestions such as "Sumerbank factories must be sold to the people" are advised to look at Sumerbank's most recent publication, a book entitled "Sumerbank."

According to this book, Sumerbank currently owns 39 production units. These units provide direct employment for about 40,000 persons.

Of these production units, 19 process cotton and 10 process wool. There are also 4 plants which process leather. The remaining units are involved in industries such as manufacturing synthetic silk, viscose, china and porcelain.

According to the same source, Sumerbank operates 466 retail stores.

Sumerbank was established in 1933. Its purpose was: "To establish and to run basic industries in Turkey."

The tasks assigned to Sumerbank were as follows:

"To achieve industrialization in a more productive and harmonious manner through the utilization of all national and economic resources; to establish a state enterprise which will collaborate with national and private enterprises to found the industry branches which need are given the highest priority in the government's industrialization program; to take the necessary measures for the training of personnel who will enable the steady development of industry; to prepare the studies and projects for all industrial organizations to be built with government capital as well as to build and run these organizations; to take measures to develop the national industry."

Sumerbank, which owned only four factories when it was first founded--the Bakirkoy Cotton Fabric Factory, the Feshane Woolen Fabric Factory, the Hereke Silk and Woolen Fabric Factory and the Beykos Leather and Shoe Factory--begins to grow and to develop the country immediately:

--In 1934, the Kayseri Bunyan Carpet Factory joins Sumerbank.

--In 1936, the Izmir Paper Factory No. 1 begins production.

--In 1937, the Kayseri Canvas Factory is opened to manufacture overcoat fabrics, flannels, packing cloth and the necessary yarn to weave these fabrics.

--In 1937, Turkey's first printed cloth factory, the Nazilli Print Factory is opened by Ataturk; the factory begins manufacturing printed fabrics and flannels.

--Sumerbank grows as the needs of the nation and the economy diversify; the Malatya Fabric Factory is opened to manufacture jacquard curtain fabrics, tapestry upholstery materials, table linens and bedspreads and corded fabrics.

--This rapid development leads to the reorganization of the legal status of the Sumerbank factories; its enterprises operated as limited corporations are turned into establishments:

- 1) The Sumerbank Iron and Steel Factories Establishment;
- 2) The Sumerbank Leather and Shoe Factories Establishment;
- 3) The Sumerbank Cellulose Industry Establishment;
- 4) The Sumerbank Joint Wool Yarn and Fabric Factories Establishment.

--As a result of these developments, by the end of the 1940's Sumerbank accounts for 90 percent of all industrial investments in Turkey. The "Domestic Products Market" is established to distribute and to market Sumerbank's products in the country. In 1946, the "Domestic Products Market" is reorganized into the "Domestic Product Markets Establishment," laying the foundations of today's 466-store "chain."

--Training courses are organized in the country to relieve the shortage of qualified personnel, and all Sumerbank employees are made to go through these courses. Meanwhile, a program is initiated to educate students abroad. Sumerbank thus becomes the "industrial school" of the Turkish industry.

--During Turkey's social transformation period, Sumerbank renews itself. Some establishments founded and run by Sumerbank are turned into self-governing units and separated from the Sumerbank structure. Sumerbank opens new factories.

--The yarn section of the Izmir Printed Fabric Factory is put into service in 1953 and the weaving section is opened in 1955. The factory begins manufacturing yarn as well as prints, satin, printed satin, mercerized upholstery fabric, dimities, flannels, and pique.

--In 1953, the Denizli Sackcloth Factory is opened to manufacture yarn and crude fabric.

--Auxiliary industries begin to develop as industrial growth continues in Turkey. In 1954, the Erzincan Canvas Factory is put into service to manufacture fabric for sugar and seed sacks.

--In 1954, the Diyarbakir Woolen Industry is established to manufacture felt, soldier's training clothes, blankets and machine-woven rugs.

--In 1960, the Bergama Cotton Yarn and Fabric Industry Corporation is put into service. The factory began manufacturing poplins for shirts and pajamas, luxury satins, cashmere woolens, opalescent fabrics, military parka fabrics, polyester-viscose blends and checkered shirtings.

--In 1960, the Manisa Cotton Textiles Corporation is put into service to manufacture materials for parkas and raincoats.

--The Antalya Cotton Fabric Corporation, opened in 1961, begins manufacturing poplins for pajamas and various types of checkered fabrics.

--The Adiyaman Cotton Fabric Industry Corporation is opened in 1967, the Karaman Yarn and Cotton Textiles Corporation is opened in 1967, the Kahramanmaraş Cotton Canvas Factory is opened in 1968 and the Eskisehir Printed Fabric Factory is opened in 1968 to manufacture various types and grades of yarn.

--Keeping pace with the country's development, Sumerbank continues performing its leadership function in building new enterprises in new industries.

--The Bolu Synthetic Wood Factory is put into service in 1962 to process forestry products; it manufactures formica, Sumerlite and Sumerisolite.

--Yildiz Porcelain, which was first established in 1892, at the time of Ottoman Sultan Abdulhamid II, in one corner of the Yildiz Palace to manufacture porcelain telegraph cups for the Empire's army, is reopened by Sumerbank in 1962. The factory produces rare ceramic and porcelain products and panels, hand and machine-decorated table articles and ornaments and ornamental materials.

--The Konya Chromium and Magnesite Brick Industry Establishment is founded in 1967 and begins manufacturing magnesite-chromium bricks, chromite bricks and scraped magnesite.

--The Ordu Soybean Factory bought and reopened in 1968, produces unprocessed and refined soybean and sunflower seed oil and oilcakes from their residues.

--In 1974, the Nevsehir Cotton Fabric Factory is established to process cotton--which up to that time was exported unprocessed--with domestic means and labor of the country and to export it as yarn thus providing foreign currency revenues for the country.

—As Turkey develops closer ties with Western countries Sumerbank finds new opportunities to promote its quality products abroad, and it begins exporting processes products other than yarn.

—In 1986, the number of establishments, factories and partnerships affiliated with Sumerbank rises to 41, and the number of persons employed by Sumerbank reaches 50,000.

Sumerbank attains an annual capacity of 69,000 metric tons of yarn and 276 million meters of fabric in the cotton industry and 8,824 metric tons of yarn and 7.6 million meters of fabric in the woolen industry.

This course was embarked upon 53 years ago. Today a certain point has been reached. At this point, Sumerbank is a "giant" by Turkish standards, but it is an organization "which has not achieved an economic size" by international standards. Now, in this quest for "privatization" would the sale of Sumerbank's production units one by one and the division of its management help or hurt the economy? Changing ownership and management principles is one thing, dividing and breaking up firms is another.

The information contained in Sumerbank's self-promotion publication point to the need for more serious thought on this issue.

Established on 11 July 1933, Sumerbank will celebrate its 53d anniversary next week. If those who will participate in the anniversary celebrations commit some time to think about the aforementioned issues seriously they may have a chance to reach more correct conclusions.

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CSO: 3554/149

ECONOMIC

TURKEY

#### BRIEFS

CONTAINER CRANES AT ALSANCAK PORT--Two container cranes recently constructed at the Alsancak Port [in Izmir] were inaugurated by Deputy Prime Minister Kaya Erdem. In a speech at the inauguration ceremony, Erdem stated that Turkish exports are taking great strides forward and that Turkey's total export potential is far higher than the figures attained today. Stating that the current export volume of \$8 billion does not reflect the realities, Erdem said that port facilities must be reinforced and expanded to insure the growth of exports. Stating that the Port of Izmir will not be able to meet needs in 5 to 10 years, Erdem said: "The projections made today must take this into account." Noting that the Ministry of Public Works has an extensive project work under way on this issue, Erdem said that it is seen necessary to have a port in Izmir with a far larger capacity than the one today. Pointing out that Izmir is Turkey's export center on the Aegean and that most export goods are produced in this region, Erdem said that the Turkish Maritime Works Directorate General will use the \$85-million loan it has received from the World Bank to buy the most appropriate equipment for the Port of Izmir. Turkish Maritime Works Executive Council President and Director General Ahmet Yildirim said that the equipment capacity of ports was increased by 50 percent in the last 3 years using domestic resources as well as loans obtained from the World Bank. Yildirim stated that the two container cranes that were constructed at Alsancak Port are the first of their kind in terms of their system and capacity and that they have increased Turkey's container handling capacity by 400 percent. Disclosing that the two cranes cost 4.2 billion Turkish liras to build, Yildirim said that the Port of Izmir will be turned into a port that matches world standards after equipment for 39 different areas of services is put into service. [Text] [Istanbul DUNYA in Turkish 22 Jul 86 p 9] 9588

CSO: 3554/168



MILITARY

GREECE

PYRKAL IRREGULARITIES DENOUNCED, GOVERNMENT RESPONSE

Charges of Ammunition Irregularities

Athens I VRADYNI TIS KYRIAKIS in Greek 17 Aug 86 p 3

/Text/ The army "loaned" munitions to PYRKAL /Munitions and Cartridge Company/ so that it might sell them to Iraq and to cover orders that it had assumed without, however, being able to implement them.

This terrible charge was made by the ND Parliamentary Task Group that called on the PASOK government to stop removing munitions from army dumps and, indeed, at a critical period.

The ND Parliamentary Task Group stressed, "At a time when Turkish provocations in the Aegean are increasing and our national issues are at a dangerous point it is a national crime for the government to sell the military reserves of the Greek army." It also demanded that the military reserves of the country be brought back to their anticipated levels.

The ND National Defense Parliamentary Task Group charge reads as follows:

"The incompetence and irresponsibility of our socialist government has surpassed every limit and has reached a point where the defense capability of the country is in danger so as to have PASOK party hacks maintained in the management of companies controlled by the public sector.

"Following the mass of scandals in cooperatives and ailing companies that are daily seeing the light of day, ND feels obliged to condemn before the Greek people yet another scandal the responsibility of which burdens the prime minister himself personally who was at one time also minister of national defense.

"The PASOK government has reached the point where it is selling foreigners weapons from army unit warehouses in its desperate attempt to garner foreign exchange and to cover the inefficiency of the party managed state --and ailing--PYRKAL which has been led to dissolution. Specifically, following orders by the government the GES /Army General Staff/ loaned PYRKAL 100,000 105mm artillery shells from army unit war reserves, valued at 2,465,300 drachmas so that they might be exported to Iraq.

7 October 1986

"According to Contract No. 2739/86, dated 15 April 1986, signed between DPM /Artillery Units Command//GES and PYRKAL, the 100,000 shells were removed from 10 units' reserve munition dumps following a secret written order by Lt Gen Pan. Pantazis, second in command of the GES. According to the contract, the shells should have begun being replaced in the military unit dumps at a rate of 10,000 a month beginning last July, but up to now not even one shell has been replaced.

"According to information, this is not the first piece of 'business' between PYRKAL and the GES that is being carried out on a one-sided basis to the detriment of the defense capability of the armed forces, without any concern being voiced by the government. It is characteristic that from 1982 until 1 April 1986, PYRKAL owed GES 4.7 billion drachmas in munitions and weapons that are borrowed and never replaced in toto or from advances for orders it received but never managed to fill. If we were to add to this the 2.4 billion drachmas that the 100,000 105 mm shells cost, then it follows that PYRKAL has deprived the Greek army of munitions and weapons totaling 7.1 billion drachmas.

"At a time when Turkish provocations in the Aegean are increasing and our national issues are at a dangerous point it is a national crime for the government to be selling the military reserves of the Greek army. ND condemns, before the Greek people, these acts of the government and calls on the prime minister to give an order finally stopping these surprising and nationally dangerous business dealings between the armed forces and the sinful PYRKAL and to see to it at once that the needs of the military are met and to return the military reserves to their anticipated levels."

#### Government Denies Charges

Athens TA NEA in Greek 18 Aug 86 p 15

/Excerpts/ The Ministry of National Defense yesterday described as "unfounded" ND's charges that the government had allegedly sold munitions reserves and had thus placed the country's defense capability in danger.

The communique stressed, "ND does not hesitate in twisting reality and in the final analysis in harming the sensitive area of national defense."

The loan of a number of army shells to the AEEP-K /Greek Munitions and Cartridge Company/ (PYRKAL) is taking place within the context of renovating munitions on the basis of a time schedule that not only does it not endanger the reserve situation of the military in munitions but to the contrary --as the communique points out-- "improve the quality of munitions and increases their yield."

As for PYRKAL's debts to the GES from orders that the ND National Defense Parliamentary Task Group says amounts to 7.1 billion drachmas, the Ministry of National Defense reminds ND that these debts began "during its days" and that their amount is now "clearly smaller." It also mentions that there has been absolutely no lending of weapons to PYRKAL and it describes ND's manner of behavior as an opposition party as irresponsible and without seriousness that aims at "serving petty partisan interests."

Reliable military circles that commented yesterday on the ND statement described it as "unfortunate" and emphasized that it boomeranged.

They stressed, "The return of shells and munitions and their replacement with newer ones of recent manufacture is internationally feasible generally-speaking. Munitions have life spans and after that they should at least be checked. In fact, NATO has strict standards in this field that relates to the operational ability of each type of ammunition, the type of storage facilities, the degree of "deterioration" and checks and controls over reserves.

"Finally, manufacturing companies are obliged to receive returns with replacement. What they do from then on is up to the business policy of each firm and, of course, that is determined by the civiliah leadership."

With regard to PYRKAL they mentioned that its trustworthiness was internationally recognized.

Late last evening ND answered the Ministry of National Defense's communique. Among other things, the ND statement mentioned the following:

- Through misleading and inaccurate allegations the government is trying to conceal the essence of the scandalous GES-PYRKAL contract as well as the fact that many contracts for the procurement of munitions from PYRKAL remained altogether unfulfilled for more than 2 years, while at the same time advances of tens of millions of drachmas had been made.
- ND is not ready to publicly give out data it has at its disposal because its interest is not being a government opposition party as such, as the government wants to make it appear, but it stems from its concern over the situation that has prevailed in the armed forces over the past few years. It suffices that we point out to the government that Contract Nos. 2508/82, 2538/82, 2510/82 and 2565/82 provided for the delivery of materiel in February 1983, March 1983, October 1983, November 1982 to April 1983 and October 1983 respectively. Despite this in 1983 PYRKAL received advances of 165,426,296 drachmas for the implementation of the above orders and its obligations --for these contracts alone--together with the interest on the advances and late delivery clauses amount to 297,812,213 drachmas.

#### Government Reaction

Athens TA NEA in Greek 23 Aug 86 p 3

/Article by Loukas Dimakas/

/Text/ When it was still under private ownership PYRKAL got advances --amounting to 80 percent of the total value--from the Ministry of National Defense for materiel (munitions) that it had not designed nor prepared production studies nor even handed over to the military staffs which eventually led the company into bankruptcy.

The above revelations were made to reporters by Deputy Minister of National Defense Thodoros Stathis who stressed the following:

- The 1973-1982 contracts were without any predetermined prices (!) but were determined after the fact on a cost basis.
- From that period (when the company was under private ownership) there were 14 unfulfilled contracts in abeyance amounting to 2.7 billion drachmas, something that "rendered it an ailing company."

Mr Stathis stressed that similar contracts were also signed in 1982 (before the firm became a public one), on the basis of two binding 5-year contracts, namely 1973-1977 and 1977-1982.

Mr Stathis said, "Following the change in ownership and management, it was revealed that the firm had signed Contract Nos. 2508/82, 2519/82, 2538/82 and 2565/82 for which (a) the munitions production study had not been made, (b) the production prices had not been prepared and (c) it had never had any definite plan.

"The first two contracts have at present already been assumed (1985) by the new administration and their delivery to the armed forces is expected by 1987. The other two contracts have been implemented within the context of new contracts."

Mr Stathis also revealed the following:

- A 1973 contract for munitions for which PYRKAL had collected 70 percent of the value had not been fulfilled and is now incapable of fulfilling it.

- A 1980 contract for ammunition, with an advance of 80 percent and a 1982 contract date of delivery, was not fulfilled. (It has been agreed, however, that they would be delivered in May 1987).

Referring to the ND statement over delays in the delivery of munitions to the navy and also to a similar report published in a morning newspaper, Mr Stathis said that no dangerous situation had been created for the navy, as reported, but a delivery schedule by common consent had been agreed to.

The point on which Mr Stathis particularly alluded to was the revelation that for the 1973-1982 period --when PYRKAL was under private ownership-- there remain unfulfilled contracts which, among other things, led to PYRKAL's becoming an "ailing company." Specifically, 14 contracts (partially or in toto), amounting to 2.7 billion drachmas, remain unfulfilled.

As for the 1982 contracts that have not yet been fulfilled, Mr Stathis said that "this delay was the result of the concealment of PYRKAL's inability to satisfy specific orders that had been placed."

Referring to the way orders were placed when it was under private ownership, he pointed out that there were no predetermined prices but were in the long run based on production costs plus regular profits. In this way, Mr Stathis said, the company, that was under private ownership, had every interest to increase its costs since its profits were calculated on them. At the same time, Mr Stathis continued, it signed contracts for new munitions (for example PAO 90 mm, 76/62, etc.) and obtained advances for materiel that it had never manufactured.

As for the present outfit (PYRKAL became a public entity after 1982), the management tried to change its picture and, as Mr Stathis stressed, "that had been accomplished to a satisfactory extent."

In answer to a question on why the clauses were not put into effect when the irregularities and non-implementation of the contracted commitments were discovered, Mr Stathis said that "it was urgent to save the company and not to give it the coup de grace. We undertook to have it recover and I think that we are doing all right."



MILITARY

GREECE

#### UNSATISFACTORY STATE OF DEFENSE INDUSTRY DETAILED

Athens I VRADYNI in Greek 14 Aug 86 p 5

/Excerpts/ In PASOK's time, dependence on foreign countries, indeed, one-sided in nature, not only as far as economic matters are concerned but also military, has assumed dramatic proportions, while at the same time the country's four defense industries are being led into bankruptcy by the government. In essence, instead of producing they are importing weaponry from abroad and are engaged in commerce.

More specifically: the armaments program as an indicator of dependence. The total of anticipated expenditures of the armaments program for purchase and production of weapons systems and means for a 5-year period has been set at 560 million dollars. Of this amount, 360 million dollars represent a sum through the FMS /Foreign Military Sales/, 160 million are expected to be derived from a loan and 60 million will be made up from the budget allocation. It is evident that never before has the country been so dependent, indeed, one-sidedly, given the fact that the 360 million dollar expenditure is scheduled to be derived from the United States (FMS) and the 160 million from a loan, the greater part of which will be in foreign exchange. Domestic sources cover only 10.7 percent of the total. In fact, it is even doubtful if the latter will be forthcoming given the fact that an increase in national revenues by 2 percent is anticipated to ensure such sources, at the very time when this increase is and expected to be negative.

The defense industries have become problem industries.

The country's four major defense industries that were set up under ND have become problem industries and are now in a bankrupt status.

Stayer is already dead, EVO /Greek Arms Industry/ is on its death bed, YEAV /as published/ -- a branch of ETVA /Hellenic Industrial Development Bank/ now-- is henceforth unable to operate not only because it had assumed loans with a dollar clause and is now incapable of paying them off but also because its costs are three times higher than the average European. It should be noted that the corresponding Israeli industry produces more cheaply than the average level of the European cost. The only possible salvation lies in PYRKAL /Munitions and Cartridge Company/ because it produces perishable materiel for the military for which there is constant demand by the armed forces. Even the fate of small firms that manufacture electronic equipment parts is precarious. One of them has been purchased by foreigners.



## The misfortune of the EVO and imports from Israel

There is no doubt that EVO's finances are in a miserable state. It is evident that Mr V. Arsenis, anticipating its becoming an altogether ailing firm, saw to it to create conditions intentionally that would lead to his ouster. And he succeeded. In essence, it remains a firm without orders if we except the famous "Artemis" order about which we will talk later on. There is no longer any question of its manufacturing conventional personal weapons for the military since every soldier, in fact, got one and a half so as to be of service to the industry.

In 1983, in anticipation of its becoming indebted vis-a-vis Iraq, it made available military reserves which it later returned by resorting to imports from Israel. It is true that the purchase was made at a much lower cost, while their production costs at home would have been double that. It should be noted that for a period of 1-1/2 years Mr Arsenis did not show the 2 billion drachmas it made on this order on the EVO balance sheet.

It should also be noted that with regard to the order of 8-inch munitions that it obtained through a new contract, almost all of the materials for manufacturing them came from abroad while the only thing done here at home was charging them.

We have reached a point where most of the necessary ingredients are being imported from Israel and South Africa because suitable investments on a planned basis were not made, because costs are high and because financial means do not exist as the result of the economy's sad state of affairs.

Being basically in the red, EVO did not publish a balance sheet in 1984. It was published as an 18-month report in June 1985 since it got the "Artemis" order in October 1984 and the advance payment in April 1985. It was among Arsenis' ambitions to acquire PYRKAL, something he succeeded in not only through cutting off Syria's orders but through his report in which he maintained that the quality of PYRKAL's munitions was unsatisfactory, indeed, nationally dangerous. He also enriched his report with photographs.

Inadmissible cheating of the state is being perpetrated in the EVO. When ETVA obtains an appropriation from the Ministry of National Defense (GEETHA /National Defense General Staff/) or aid from Germany, for example, it hastens to get a similar appropriation so that the capital ratio of 70 for the Ministry of National Defense and 30 ETVA is steadily maintained. In this way EVO's investments are, in fact, doubled.

Finally, it is characteristic that stupidity prevailed under the Arsenis regime in EVO. An ostentatious fire fighting complex was built which the military was invited to admire. However, at that particular time and for some time afterwards there was not water in Lavrion to supply the complex. The most important thing now is that EVO is at this time facing a critical liquidity problem. It anticipates that it will have at its disposal 9 billion drachmas up to the middle of next year for which many sources are lacking. It is anticipated that 900 million drachmas of its financing will come from a loan (most of it in foreign exchange --more dependence), 400 million drachmas as a grant in accordance with Law 1262 on the assumption, however, that it will come up with 700 million on its own. This amount is needed for the anticipated investment in the Kymi plant which in the long run will require, according to televised reports, 2.5 billion drachmas and which is scheduled to produce various operational systems.

Finally, from 7 billion drachmas in advances from the Ministry of National Defense. However, these 7 billion drachmas are not scheduled to be derived from the weak state budget but from loans from GEETHA, from banks, if they are available. It is to be noted that an interest problem has begun to be created in GEETHA taking into consideration the fact that their rate is very high. It is evident that these anticipated resources are not expected to be coming forth. However, even if this were to occur there would still be a deficit of 1 billion drachmas. An investment program (Kymi, Lavrion, Aigio, Artemis) that is in danger of remaining a dead letter while the firm is additionally burdened through the purchase by Mr Arsenis of two other small ailing firms, primarily engaged in building auxiliary tanks for aircraft.

Will the "Artemis" finally be built? A clumsy governmental claim as to its added value.

Doubts are very great as to whether the manufacture of these artillery pieces is possible not only from a financial aspect about which mention was made previously but also from an operational aspect. The completion of this weapon is taking place through the import of parts from various nations, the coordination and operations standardization of which is proving to be difficult and uncertain. It should also be added that tests up to now are being conducted with ammunition that is not compatible with the artillery and doubts are thus raised if it will be able to operate under all conditions.

It is known that for the manufacture of these artillery pieces ND had in 1980 anticipated financing with 400 million drachmas. At the same time, however, the entire program on the production process and time frame was under checks and controls.

PASOK, that undertook the manufacture working without these checks or a system, announced that 85 percent of the value of the artillery would be Greek added value.

Never has an inaccuracy by a member of this government ever been so course.

According to the official contract, that must be submitted to the Chamber of Deputies, 60 percent of the value is in foreign exchange and for that reason is readjustable. The added value of the system will be only 10 percent. It was deemed appropriate in the contract that labor costs would take up 30 percent. In reality, they are only 6 percent. However, with this trick, EVO got the chance to make continuous readjustments to the original loan to a great extent.

Confusion with regard to offsets.

With respect to the orders of the Mirage and F-16 aircraft, the obligation for purchases by Greece of certain materiel that relate to aircraft and to the country's defense in general, as well as various exportable items are provided for. The settlement of this issue has been transferred from the Ministry of National Defense to the Ministry of National Economy. However, there is complete confusion and inexperience with regard to the settlement. The agreements do not contain any obligation on the part of foreigners, while the determination of the amount of items to be purchased or orders to be placed on the value of the contract is resulting in the agreements functioning badly. There is no clear policy on this matter. When

foreigners show up to negotiate officials ask them what they can give us, not what we want and can do. As a rule, foreigners offer to place orders with outdated technology that cannot aid in the development of a domestic defense industry. To make it possible for the country to assume these orders the amassing of a vast amount of investments will be necessary. Given the fact that these investments will relate to the order for 40 aircraft, following the fulfillment of this obligation there is danger that they might be underutilized. Thus, an unprecedented cost for these necessary investments will be created. This holds true for all relative programs. As for the remaining items that Greece must ask for the perpetration of an unheard of fraud is facilitated. Foreigners have the capability, by giving a small sum to Greek suppliers and exporters, to show an export that would have come about regardless of the added obligation of the offsets. In fact, that is the reason why other purchasing countries --of war materiel--determine a percentage in the value of their contract that relates to offsets only and is constituted in orders that are linked with their defense industry.

As a rule, they avoid the so-called "third sector."

It must now be added that for most of these possible orders, whether they relate to systems or more generally-speaking to defense production, large-scale investments are needed which the country cannot meet. Moreover, the French orders lead to a much higher cost. It is also self-evident that there has already been a great delay in the F-16 order with the result that the relative orders have for the most part been placed elsewhere, for example, Belgium.

Unjustifiable disagreement over tanks.

A similar delay is observed in the delivery of tanks. At first the purchase of M-48 tanks from the United States was proposed. This tank is manufactured in two models. The A, that is of old technology and is priced at 8 million drachmas each, and the A-5 that is essentially a modernized A and is priced at 60 million drachmas. The logical view would be the purchase of the A model while modernization could take place in Greece. The profit would be used for activating the defense industry and, of course, in the savings of 52 million drachmas per tank. There is, however, something else that is being proposed by circles of the vice president's office-- I will not use the slanderous expression "without prejudice" that he used because it is not my habit to place into doubt the good faith and honesty of men. This second proposal makes known that we should purchase the French AMX-30 tank whose modernization is doubtful since it has not been done even by the French themselves. Modernization costs would be 120 million drachmas, given the fact that the new one costs 200 million drachmas.

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CSO: 3521/247

ENVIRONMENTAL ISSUES

TURKEY

STEPS URGED TO STOP DRYING OF YATAGAN FORESTS

Istanbul CUMHURIYET in Turkish 7 Jul 86 p 2

["Yes/No" column by Oktay Akbal: "The Scientific Yatagan Report"]

[Text] My article entitled "Yatagan Has Been Abandoned to Die" has aroused broad interest. The responses were only from readers and learned persons who are knowledgeable about the issue. But there was no response from government officials. I find it beneficial to present to my readers a letter I received from Professor Tahsin Tokmanoglu, a faculty member of the Istanbul School of Forestry:

"I read your article about agricultural areas and forests in the Yatagan county of Mugla. We are grateful for your disclosure that the forests in that region are dying as a result of toxic gases and your efforts to report this disaster to the people. Because we cannot adequately explain forestry problems to our people and our officials. We thank you very much for helping us.

"In 1984, the Forestry Directorate General asked our school to conduct a study about the Yatagan forests. I am enclosing a copy of the report our specialist colleagues prepared after completing their investigations.

"In the first page of the report it is shown that the drying of the forest could not have been caused by soil or climatic conditions or insects and that secondary insects invaded the trees after they had dried up. The examination of cross-sectional samples taken from the trees show that all trees grew normally until 1983 and that their growth was significantly stunted after 1983.

"The power plant at Yatagan burns 14,400 metric tons of coal every day. This produces 576 metric tons of sulfur which is released into the environment in the form of sulfur dioxide. The same situation was observed in the Goktas (Murgul) copper smelting plant resulting in the death of all plants around the factory.

"Trees within 6 kilometers of the Yatagan power plant have been affected by the toxic gases. It is certain that the damage will assume far higher proportions in the near future."



Professor Tokmanoglu has also enclosed a copy of the said report. I thank him for his interest. It is impossible to include this long report in this column. Consequently, let us read only the "Results and Conclusions" section of the report. Perhaps pertinent authorities will also read it, and seeing that there are ways and means of stopping this national disaster, they will take the necessary steps without delay:

"As explained above, the damage observed in the said region was caused by gases released by the Yatagan Thermal Power Plant. Although this damage is at present confined to the interior of the valley and the hillsides overlooking the plant, the damage will spread to other areas if the plant continues its operations.

"The following measures can be taken by the Forestry Directorate General:

"1) Forest management plans must be changed immediately and dried or drying trees must be removed to prevent major insect epidemics.

"2) Since one cannot determine today what parts of the forest will dry in the future, provisions must be made in future plans to enable the Forestry Service to move more flexibly in harvesting trees.

"3) In the areas where trees will be cut deciduous trees, rather than evergreens, must be experimented with over short control periods. In this connection, species with higher resistance to toxic gases, such as oak, acacia and poplar, may be tested. However, since it is known that even these species will not survive in regions where toxic gases exist in high concentrations or where toxic gases are continuously present, reforestation must be undertaken only if favorable results are obtained from these experiments. Reforestation work must proceed cautiously.

"The following measures can be taken by the Yatagan Thermal Power Plant:

"1) The release of sulfur dioxide as well as gases containing mercury, arsenic, lead and zinc vapors, fluorine, hydrogen fluoride, chlorine, hydrochloric acid, nitric acid, various nitrogen oxides, sulfurized hydrogen and nitrates through the stacks must be prevented under all circumstances.

"2) In this regard, chemists in the factory and in other areas must be contacted and efforts must be made to absorb these substances chemically. Within this framework, it is also essential to use the gases released through the stack to produce certain acids as a by-product."

This report does not take the "human" element into consideration. It is true that the trees, the plants and the environment are being polluted. But what about people of that region and their lives? What will happen to the villages and the villagers of Yatagan? Who is going to think about how they are going to make a living? Can humans live when the nature around them is dying? I believe that the situation of the people of Yatagan is as important as--perhaps even more important than--the state of the plants and the trees. This may be--or must be--the topic of another investigation and another report on this issue.



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**DATE FILMED**

28 Oct/1986